



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

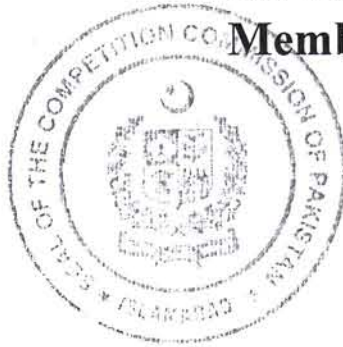
FIRST PHASE REVIEW

**ACQUISITION OF % SHARES OF JAVEDAN
CORPORATION LIMITED BY ARIF HABIB EQUITY
(PRIVATE) LIMITED.
CASE: 919/Merger-CCP/17**

Commission

Ms. Vadiyya Khalil
Chairperson

Dr. Muhammad Saleem
Member



ORDER

I Background

- 1 On 19th October, 2017, Arif Habib Equity Private Limited (“AEHPL”) (or the “Applicant”) submitted a pre-merger application (the “Application”) to the Competition Commission of Pakistan (the “Commission”), for the acquisition of . . . % shares of Javedan Corporation Limited (“JDVC”) (the “Target”) by AEHPL (the “Acquirer”) , along with the necessary information and processing fee applicable under Regulation 5(6) of the Competition (Merger Control) Regulations, 2016 (the “Regulations”).
The case is examined as under:

II Merger Parties

Acquirer

- 2 AHEPL was incorporated in Pakistan as a private limited company in 2004. The principal activity of the Acquirer is to act as a holding company by way of acquiring interest in group and non-group companies and to acquire and hold shares, modarba certificates, musharka certificates, term finance certificates, bonds, obligations and securities of its subsidiaries, companies or corporate bodies whether in Pakistan or elsewhere and to invest in industrial and commercial ventures. The Acquirer is part of Arif Habib Group.
- 3 The value of total assets of the Acquirer as on 30th June 2016 were . . . million its turnover for the above mentioned period remained nil.

Target

- 4 JVDC was incorporated in Pakistan in 1961 as a public limited company. The company has ceased its cement business since 2010 and the management has developed the business diversification strategy for utilizing the company’s land for developing a housing scheme, “Naya Nazimabad”, which includes bungalows, open plots, flat sites and commercial sites.
- 5 The value of total assets of JVDC as on 30th June 2017 were . . . million while its turnover for 2017 remained at . . . million.

III Transaction

The transaction was consummated pursuant to the Scheme of Arrangement dated 4th April 2016. AHEPL acquired . . . shares of JVDC. The consideration for the acquisition was paid through proceeds of “Demerged



NSC *[Signature]*

Assets” of International Complex Project Limited.¹ The total shares held by the Arif Habib group in JVDC have risen to The transaction value of the consummated transaction is million.

- 7 The transaction meets the notification thresholds prescribed in Regulation 4(2) (a) (b) (c) & (d) of the Merger Regulations, by having undertakings assets valuing more than PKR 300 million and combined assets being more than PKR 1 billion and turnover of undertaking being more than PKR 500 million. The transaction value also exceeds PKR 100 million and percentage of shares to be acquired exceeds 10% of the total shareholding of the Target.

IV Relevant Market:

- 8 The relevant product market in this case is “Real estate development” which is the market for the Target. The Acquirer or any of its group companies is not a participant of the relevant market. The relevant market is an unregulated market, data for which is not readily available. The relevant market is however an open market with fair amount of competition.
- 9 The conditions of competition remain sufficiently homogenous throughout the country, hence the Relevant Geographic Market is identified as the whole of Pakistan.

V Findings of the Phase I investigation on the competition assessment

The competition assessment in Phase I have resulted in the following findings:

- i. The proposed transaction is an acquisition of shares of the Target (JVDC) by the Acquirer (AHEPL). The Target and the Acquirer operate in different relevant product and geographic market creating a conglomerate relationship between the two.
- ii. The relevant market is an open market with fair amount of competition. Post-merger there will be no change in the market structure of the relevant market as the Acquirer along with its subsidiaries and group companies have no presence in the relevant market. The Target recorded a turnover of 7 million in 2017 in the relevant market, however the market data for competitors is not available.
- iii. The transaction is not likely to result in creation or strengthening of dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act 2010 (“the Act”).


¹The Commission’s Order dated 17th October, 2017 in the matter of “Merger of demerged assets of International Complex Project Limited valuing PKR 6.539 billion with and into Arif Habib Equity (Private) Limited” directed the merger parties to file three separate pre-merger applications for the acquisition of shares of Javedan Corporation Limited, Power Cement Limited and Fatima Fertilizer Company Limited by AHEPL.



V Conclusion

- 10 In conclusion, there is no evidence suggesting that the proposed transaction is likely to substantially lessen competition through the creation or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1)(d)(i) of the Act.
- 11 It is so ordered.


Vadiyya Khalil
(Chairperson)


Dr. Muhammad Saleem
(Member)

Islamabad 22nd December, 2017

